

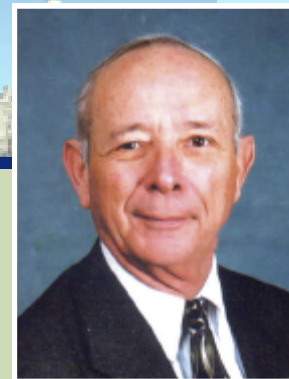


## Senator Greg Server

200 W. Washington St.  
Indianapolis, IN 46204

News from the Indiana State Senate

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**200 W. Washington St.**  
**Indianapolis, IN 46204**



# Senator Greg Server

News from the Indiana State Senate

## Indiana Economy Needs a Boost Personal Income Growth Significant Indicator

Hoosiers are hearing many reports on the state of the economy, some of them conflicting. One day, there are job layoffs due to a plant closing in Lafayette. Another day, we hear that the locally-based Whirlpool plant is making an \$8 million investment for a new product line. Is the economy improving in Indiana or is it getting worse?

Many statistics are used to provide evidence, but it can be confusing. One important statistic you may have heard is Indiana's personal income growth has consistently been below the national growth rate the last several years. That doesn't sound good, but what does it mean for your average Hoosier?

Personal Income is the income received by all persons from all sources, such as salaries and wages, investment income, etc. As shown in **Figure 2 on page three**, Indiana personal income growth per capita (all personal income divided by the total amount of resident Hoosiers) has shown

modest increases since 1996; however, it also has been consistently lower than the national average.

Personal income growth is important to the well-being of Hoosier families. The quality of education and health care in Indiana will never lead the nation if Hoosiers do not earn as much money as the rest of the nation. If the economy is booming and Hoosiers are working in high-paying jobs, there will be sufficient tax revenue to fund all the important initiatives that further improve the way of life here.

My colleagues and I have worked hard during the last several years to provide businesses the tools they need to succeed in Indiana. Economic development is full time work, and we are constantly trying to improve our business climate here in Indiana to help more Hoosiers find quality jobs. Only with a full statewide effort can Indiana get fully on the road to recovery.

We will never lead  
the nation in  
education and  
health care spending  
if Hoosiers  
do not earn as much  
money as the rest of  
the nation.

## Evaluation of Family Services Continues Server Sits on Summer Study Committees

This summer, I am serving on the first-ever meeting of the FSSA Evaluation Committee due to legislation I authored in 2003. The FSSA Evaluation Committee will study the organizational structure of the Family and Social Service Administration and the office's relationship to other agencies that provide health and human services programs.

Last year, I also authored the legislation for a performance audit of FSSA after a series of mismanaged events by the agency, such as the closing of the Evansville

Children's Psychiatric Center. This year, a review of the audit seems especially vital after the agency has seen a number of child deaths that officials deem preventable.

I was also appointed to the Committee on Technology Issues, the ISTEP Program Citizens' Review Committee, and the Commission on Minority and Women's Business Enterprises.

For more information on summer study committees, please visit the Indiana General Assembly's web site at [www.in.gov/legislative/interim](http://www.in.gov/legislative/interim)

## New Census Survey Will Provide Communities With Critical Information



Since 1790, a census has been conducted in the United States every ten years. It measures population, but also gives critical information to businesses, policymakers, and citizens on a variety of issues. Many citizens do not realize that the census numbers determine federal funding for states and cities and towns for schools, roads and even senior citizen centers. It informs our state and local officials in planning for housing and development and social services.

In the previous census years, most households received a "short form," census survey with seven questions, while one household in six received a "long form" with 46 more detailed questions. Beginning in 2010, all households in the U.S. will receive only the short form, which solely counts the population.

Information on the long form will be gathered by the American Community Survey (ACS). Starting

later this year through the end of the decade, smaller portions of information will be collected on a flow basis. It will provide updated social, economic, and housing information for local communities every year instead of once every 10 years.

Our communities can change radically in a matter of minutes, and a new census method will reflect these changes better.

Public cooperation is vital to the success of this new way of conducting the census. This less burdensome method will enable a community to provide the goods and services needed with more accurate information available. While it is required by federal law to participate, I encourage everyone to embrace this new way to shape the future of our communities. For more information, please visit the ACS website at [www.census.gov/acs/www](http://www.census.gov/acs/www).



## Consumer Information

### Unclaimed Property

The Attorney General reports thousands of unclaimed property listings all across the state of Indiana. Some possible sources of unclaimed property are: credit balances, old savings and checking accounts, unpaid wages, mutual fund shares, insurance proceeds, uncashed traveler's checks, and utility deposits.

You can contact the Indiana Attorney General's office to see if you or a relative has a claim.

Visit [www.indianaunclaimed.com](http://www.indianaunclaimed.com) or call, toll-free, **1-866-IN-CLAIM** (1-866-462-5246).

### Unwanted Faxes

Contact the Federal Communications Commission to report any unsolicited faxes. You can file a formal complaint at [www.fcc.gov/cgb/complaints.html](http://www.fcc.gov/cgb/complaints.html) or call, toll-free, **1-888-225-5322**.

### Direct Mail Lists

Tired of receiving advertising through the mail? Remove your name from direct mail lists by visiting

[www.dmaconsumers.org](http://www.dmaconsumers.org) or write to:

Mail Preference Service  
Attn: Dept 12851374  
Direct Marketing Association  
PO Box 282  
Carmel, NY 10512

### State No-Call List

Indiana led the way with the creation of a no-call registry. Because this program is relatively new, there are still a few kinks that need to be worked out. For example, now that telemarketers are unable to reach you at home, they are looking for another outlet. It is speculated that a wireless subscriber directory sponsored by the Cellular Telecommunications and Internet Association, will be distributed to telemarketers

To prevent your mobile phone number from being distributed, please add it to Indiana's "do not call" list by calling, toll-free, **1-888-834-9969** or visit [www.in.gov/attorneygeneral](http://www.in.gov/attorneygeneral)



## F.A.Q.

### Frequently Asked Questions About Indiana State Government

**Q:** Why is the Indiana General Assembly called a "citizen legislature?"

**A:** Indiana lawmakers spend only a few months each year at the Capitol. The rest of the year, each legislator lives and works in the district he or she represents. Our part-time legislature offers substantial savings to Indiana taxpayers. The National Conference of State Legislatures ranks Indiana 45 among the 50 states with regard to the expenditures of the legislature per capita.

**Q:** Where is the money generated from gaming profits, such as the Hoosier Lottery, river boats, pari-mutuel, etc., going?

**A:** Of the \$670 million of the state's share of gaming profits in 2003, \$294 million was dedicated to the Property Tax Replacement Fund to help subsidize homeowners' local property tax bills through payment of homestead credits. The second-largest share, \$236 million, cuts the "license plate tax," the excise tax Indiana motorists pay annually when renewing their vehicle license plates, by up to 50 percent yearly.

**Q:** How does the General Assembly function when it is not in session?

**A:** The Legislative Council is composed of 16 legislators, including the speaker of the House, Senate president pro tempore, and floor leaders of the majority and minority parties. It is designed to provide an interim coordination structure for the General Assembly. Created in 1967 by combining and expanding existing legislative service agencies, the Council assists the General Assembly through its selection of interim study committees, research, fiscal analysis, and bill drafting staff.

**Q:** How does a senator author a bill?

**A:** A senator takes an idea for a bill to the non-partisan Legislative Services Agency. The staff provide necessary legal, fiscal, and research capabilities for the General Assembly. Drafting legislation, including major revisions of the Indiana Code, compiling and publishing the rules and regulations of state agencies, assisting study committees during the interim and standing committees during session, and furnishing figures on the estimated cost of existing or proposed state services are among the tasks performed by the LSA staff.



## State Faces Tough Budget Decisions in 2005

### Indiana Personal Income Lags the Nation

**O**n July 12, the state closed the books for Fiscal Year 2004. According to official figures released by the State Budget Agency, the state is expected to have a "surplus" or "reserve" of just \$300 million on June 30, 2005 – the close of the current budget cycle. As shown on **Figure 1**, this means the state's reserve will have declined by nearly \$2 billion since 1998.

The problem is that state spending has been exceeding state revenues for the past several years. State revenue collections actually decreased in both Fiscal Years 2001 and 2002 before showing a 0.5 percent increase in 2003. Revenue collections

increased by about 2.7 percent for Fiscal Year 2004, the year that just ended.

In order to avoid big spending cuts in education and health care, the state has been using the surplus and employing spending delays and other temporary solutions. These measures make it possible for the state to spend nearly \$800 million more than it will collect this year. While there is nothing inherently wrong with these accounting measures – they have helped the state avoid big spending cuts in our schools – these measures are only one-time temporary fixes and cannot be sustained. So, while it may seem like Indiana's economy is improving,



**SNAPSHOT:** Senator Server works on issues in his Senate office this summer. Although the legislature is in session part-time, senators must keep up on issues throughout the year.

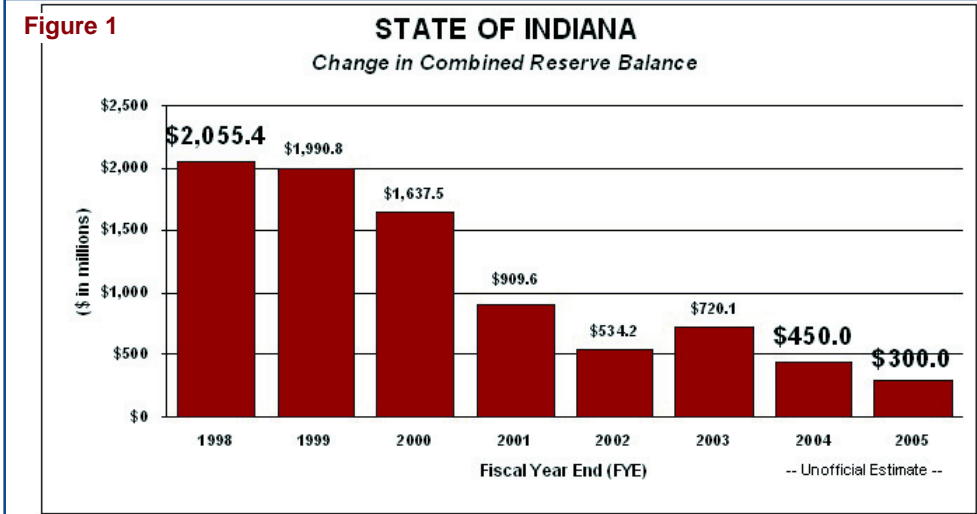
the state's financial condition actually remains very weak.

A \$300 million reserve sounds like a lot of money. But with an annual \$11.2 billion General Fund Budget, including big items such as \$4.3 billion for K-12 education, \$2.1 billion for local property tax relief, \$1.4 billion for universities and \$1.2 billion for Medicaid, \$300 million really is not a sufficient reserve. In fact, the State Budget spends more than \$30 million per day every day of the year. A \$300 million reserve barely funds 10 days of expenses.

The root of Indiana's budget problems is slow revenue growth. Part of the problem is job loss due to the recession. But the real problem is that Indiana lags the nation in personal income growth. As reflected in **Figure 2**, the problem has steadily grown since 1996. Today, the average Hoosier worker earns only about 91 cents for every \$1.00 earned by the average worker nationwide. Just as Hoosier workers earn less, state tax revenues lag as well. If Indiana workers earned the same as the national average, the subsequent gain in tax revenues would erase the state's structural deficit. Indiana needs to improve its economy relative to the nation or Indiana's budget – and the ability to adequately fund priorities like education and health care – will remain a problem.

Beginning in January, the General Assembly will start work on the state budget for the next biennium. Much of the discussion will center on adequate funding for education and health care. But, it is equally important to continue to try to find ways to diversify the economy and stimulate business investment as the real long term solution to the state's budget dilemma.

**Figure 1**



**Figure 2**

